

ORIGINAL

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, LLC FOR)
 (i) APPROVAL OF A SOLAR PURCHASED POWER)
 AGREEMENT; (ii) TIMELY RECOVERY OF THE)
 RETAIL JURISDICTIONAL PORTION OF) CAUSE NO. 44953
 PURCHASED POWER COSTS THROUGH RETAIL)
 RATES PURSUANT TO INDIANA CODE § 8-1-8.8-) APPROVED: NOV 21 2017
 11; AND (iii) CONFIDENTIAL TREATMENT OF)
 PRICING AND OTHER PROPRIETARY TERMS OF)
 THE PURCHASED POWER AGREEMENT)

ORDER OF THE COMMISSION

Presiding Officers:
James F. Huston, Commissioner
Carol Sparks Drake, Administrative Law Judge

Duke Energy Indiana, LLC (“Duke Energy” or “Petitioner”) filed a Petition with the Indiana Utility Regulatory Commission (“Commission”) on June 2, 2017, requesting approval of a solar energy Purchased Power Agreement (“PPA”) and recovery of the retail jurisdictional portion of the purchased power costs under the PPA through Petitioner’s retail rates. On June 6, 2017, Duke Energy prefiled the direct testimony and exhibits of the following:

- Scott E. Tharp, Business Development Manager III, Duke Energy Carolinas, LLC;
- James S. Northrup, Director, Wholesale and Renewables Analytics, Duke Energy Business Services LLC; and
- Suzanne E. Siefertman, Director, Rates and Regulatory Planning – Indiana, Duke Energy Business Services LLC.

The Indiana Office of Utility Consumer Counselor (“OUCC”) on August 9, 2017, prefiled the direct testimony and exhibits of Leon A. Golden, Utility Analyst for the OUCC’s Resource Planning and Communications Division, and Crystal L. Thacker, a Utility Analyst in the OUCC’s Electric Division. On August 29, 2017, Duke Energy prefiled the rebuttal testimony of Diana L. Douglas, Director, Rates and Regulatory Planning, for Duke Energy Business Services LLC.

An evidentiary hearing was conducted in this Cause on September 26, 2017, commencing at 9:30 a.m. in Hearing Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared at the hearing by counsel, and the evidence of Duke Energy and the OUCC was admitted without objection. No members of the public sought to testify or attended the hearing.

Based upon applicable law and the evidence presented, the Commission now finds:

1. **Notice and Jurisdiction.** Notice of the public hearing in this Cause was given and published as required by law. Duke Energy is a public utility as defined in Ind. Code § 8-1-2-1(a) and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana. Duke Energy requests relief pursuant to Ind. Code ch. 8-1-8.8 and Ind. Code § 8-1-2-42(a). The Commission, therefore, has jurisdiction over Duke Energy and the subject matter of this proceeding.

2. **Petitioner's Characteristics.** Duke Energy is a public utility and an Indiana corporation with its principal office located in Plainfield, Indiana. Petitioner is engaged in the business of rendering retail electric utility service and owns, operates, manages, and controls, among other things, plants and equipment within Indiana used for the production, transmission, delivery, and furnishing of such service. Duke Energy provides electric utility service to approximately 817,000 customers in 69 Indiana counties and sells electric energy for resale to municipal utilities, Wabash Valley Power Association, Inc., Indiana Municipal Power Agency, Hoosier Energy Rural Electric Cooperative, Inc., and other electric utilities.

3. **Relief Requested in this Cause.** Duke Energy seeks an order: (a) approving a 10-year solar energy PPA with Staunton Solar, LLC ("Staunton Solar") for 4 megawatts ("MWs") of solar power ("Solar PPA") to be located in Clay County, Indiana; (b) authorizing recovery of the retail jurisdictional portion of the costs of purchased power under the Solar PPA, including fuel related Midcontinent Independent System Operator, Inc. ("MISO") charges or credits, if any, related to the purchased power pursuant to Ind. Code § 8-1-8.8-11; and (c) approving confidential treatment of the pricing and other proprietary terms of the Solar PPA.

Petitioner also seeks cost recovery quarterly of the energy portion of the Solar PPA payments through the Fuel Adjustment Cost ("FAC") tracker under Ind. Code § 8-1-2-42(a) and recovery of the capacity costs annually through Standard Contract Rider No. 70 ("Rider 70") proceedings. Additionally, pursuant to the terms of the Solar PPA, Duke Energy is entitled to the value of the Renewable Energy Credits ("RECs") and proposes to include a credit for the retail jurisdictional portion of the net proceeds from the sales of such RECs in developing its retail FAC factor. Finally, while other non-fuel related MISO charges or credits are not currently anticipated, if any are incurred as a result of the Solar PPA, Petitioner proposes these be included in the calculations for recovery under MISO Management Cost and Revenue Adjustment Standard Contract Rider No. 68 ("Rider 68").

4. **Duke Energy Indiana's Case-In-Chief.**

A. **Mr. Tharp.** Mr. Tharp testified the Staunton Solar project consists of a 4.0 MW solar photovoltaic electric generating facility to be built in Clay County, Indiana, approximately three miles southwest of Staunton. Construction is to begin in the fall of 2017, with an expected commercial operation date of late December 2017 to early 2018. Duke Energy and Staunton Solar are working through interconnection of the Staunton Solar project with Petitioner's

system, and Mr. Tharp stated the costs associated with interconnection will be Staunton Solar's responsibility.

Under the Solar PPA, Duke Energy will purchase solar capacity and energy generated from the Staunton Solar facility at a fixed rate for 10 years. The facility has a nameplate capacity rating of 4.0 MWs and is expected to produce approximately 8,163 megawatt hours ("MWhs") per year, which equates to a 23.3% capacity factor. Mr. Tharp testified that because this project is interconnecting to Petitioner's distribution system, it will be treated as behind-the-meter generation for MISO's purposes. Under the Solar PPA, should the facility no longer be considered behind-the-meter generation, Staunton Solar will absorb all risks and costs associated with any negative real-time location marginal pricing ("RTLMP") periods. According to Mr. Tharp, Duke Energy believes this will insulate Petitioner's customers from the potential economic risks associated with congestion.

Mr. Tharp testified that upon commercial operation, the Staunton Solar facility will be certified as an eligible renewable resource in Ohio, and Duke Energy will have exclusive rights to the RECs the facility produces. Duke Energy will also have the exclusive right to purchase the net output of the Staunton Solar facility, including energy rights (minus station power), capacity rights, and any ancillary services. Mr. Tharp stated that in no event will Duke Energy or its customers incur any damages or be obligated to purchase any energy from the Staunton Solar facility in the event of, and during the continuance of, a curtailment associated with service disconnections, suspensions, or interruptions. In describing the benefits and protections built into the Solar PPA for Petitioner's customers, Mr. Tharp testified that Petitioner's customers will be gaining access to renewable energy and capacity at a competitive price. In addition, Staunton Solar is required to post credit support securing its obligations to meet the commercial operation date agreed upon in the Solar PPA and to construct the facility in a manner that achieves no less than 90% of the nameplate capacity. When the facility achieves commercial operation, Staunton Solar is required to maintain credit support in case the facility fails to deliver at least 70% of the expected annual energy output or Staunton Solar terminates the Solar PPA early. Mr. Tharp testified that if Staunton Solar fails to meet these obligations, Duke Energy will be entitled to liquidated damages from Staunton Solar and, under certain circumstances, this may result in termination of the Solar PPA.

Mr. Tharp testified that Duke Energy seeks a Commission determination that the proposed Solar PPA is reasonable and necessary and that the retail jurisdictional portion of the costs Duke Energy incurs under the Solar PPA will be recovered on a timely basis through retail rates over the 10-year term of the Solar PPA. According to Mr. Tharp, assurance of cost recovery over the life of this contract is necessary because this is a long-term commitment, and Duke Energy will not have the option to terminate the Solar PPA before its termination date, absent an event of default by Staunton Solar. Further, Duke Energy is not seeking any special incentives in connection with the Solar PPA. Petitioner seeks to diversify its supply side resources, and the Staunton Solar project fits nicely with that goal. Mr. Tharp opined that this project is cost-effective and will enhance Petitioner's supply portfolio.

B. Mr. Northrup. Mr. Northrup testified that after Staunton Solar approached Duke Energy about a potential solar PPA, Petitioner performed an economic evaluation of this opportunity to determine the value or benefits of adding solar energy and capacity from the

Staunton Solar facility to Duke Energy's generation portfolio. The results of this analysis provided the basis for developing the negotiated Solar PPA pricing. Mr. Northrup testified that the annual total value of the solar energy and capacity additions were summarized and levelized over a 10-year contract life to determine a proposed levelized rate for the solar production.

Mr. Northrup described how the value of the Staunton Solar generation was determined by detailed modeling of the specific energy and capacity this facility is expected to produce. The energy was estimated by using Integrated Resource Plan ("IRP") production simulation models. These models determine the value of additional energy by simulating the hourly dispatch of available generation resources to meet Duke Energy customer loads. To determine the value of the additional capacity, Petitioner's personnel used the expected equivalent annual capacity value of the facility multiplied by the annualized cost of a combustion turbine. The expected equivalent annual capacity value was determined using the methodology from MISO's Resource Adequacy Business Practice Manual for new intermittent resources. Specifically, the hourly net output from the solar facility in MWs for hours 1500-1700 Eastern Standard Time from June, July, and August was used to estimate the equivalent capacity value.

Mr. Northrup testified that a summary of the pricing for the Solar PPA and how such pricing is an economic addition to Petitioner's portfolio is shown in Petitioner's Confidential Exhibit 2-A. Since the Solar PPA is performance based, Staunton Solar will only be paid for the production Duke Energy receives, which protects Duke Energy customers in the event of lower than expected solar production.

Mr. Northrup testified that the proposed Solar PPA pricing does not explicitly include consideration of the additional value attributed to RECs associated with the Staunton Solar project. These RECs will be the sole property of Duke Energy, and Petitioner proposes the net retail value received from the sale of the RECs flow to benefit Duke Energy's retail customers through the fuel clause. Mr. Northrup testified the value of the RECs depends on the market at the time of sale, and as of the end of May 2017 the value of solar RECs was approximately \$5 per REC.

Mr. Northrup testified the Solar PPA aligns with Duke Energy's most recent IRP, submitted in November 2015, in which Petitioner outlined a potential need for about 40 MWs nameplate of solar resource additions by 2017. Mr. Northrup testified that adding 4 MWs from the Solar PPA into Petitioner's generation portfolio accomplishes the near-term plan identified in the 2015 IRP to add emission-free solar generation. The proposed Staunton Solar 4 MW solar facility, combined with the existing 17 MW Duke Energy Crane Solar Facility and the four solar PPA facilities (totaling 20 MWs) the Commission approved in Cause No. 44578, almost exactly meets the 40 MW solar resource requirements the IRP identified. Mr. Northrup stated the Solar PPA serves to diversify Petitioner's generation portfolio while meeting customers' increasing desire for renewable energy options.

Mr. Northrup testified the Solar PPA represents a cost-effective rate for Petitioner's customers based on the expected value of energy and capacity the additional 4 MW solar facility will provide. In addition, the time differentiated on-peak/off-peak rate in the Solar PPA reflects performance based pricing with payments for energy and capacity tied directly to the solar facility's actual production. In Mr. Northrup's opinion, the Solar PPA is reasonable and necessary

and provides Duke Energy customers the opportunity to participate in the development and consumption of economical and locally-produced clean solar energy.

C. **Ms. Sieferman.** Ms. Sieferman testified that a long-term power purchase commitment from Duke Energy was necessary for Staunton Solar to finance and construct this solar project. Petitioner proposes cost recovery for the full 10-year term of the Solar PPA for the retail portion of the costs associated with the purchase for use by native load customers of the entire output of the Staunton Solar project or approximately 8,163 MWhs per contract year of net output and associated capacity and RECs. She testified that Petitioner proposes timely retail cost recovery through the tracking provision of Ind. Code § 8-1-2-42(a) by including the energy charges for purchases under the Solar PPA as a component of Duke Energy's quarterly FAC factor to be administered via Standard Contract Rider No. 60 or a successor mechanism and recovery of the capacity costs and revenues in Petitioner's annual Rider 70 filings.

Ms. Sieferman testified that Petitioner proposes the full energy cost of the solar power purchases be included as a recoverable native load fuel cost, not subject to application of the FAC purchased power benchmark or economic stacking. She explained that because the price of this solar energy is set for the full contract term, it would be inappropriate to compare the long-term contractual prices of this solar power purchase to benchmarks designed to set the cost of fuel for short-term economy purchases from traditional energy sources. The Solar PPA was evaluated by Duke Energy as a whole over its 10-year term and not evaluated as to whether it will be economic each and every hour of the term. Ms. Sieferman submitted that subjecting the solar power purchases to hourly economic evaluation ignores the unique nature of this renewable energy technology and the benefits associated with solar energy projects.

Petitioner requests the Commission find the solar power purchases are reasonable over the entire term of the Solar PPA. She stated that as determined by the Commission in Cause No. 41363, utilities are permitted under Ind. Code § 8-1-2-42 to recover above-benchmark purchases only following a Commission determination that such purchases are reasonable. Duke Energy requests such a reasonableness determination be made in this proceeding for the solar power purchases over the entire term of the Solar PPA. Ms. Sieferman testified that Petitioner proposes to treat the purchased power costs associated with the Solar PPA as a designated native load resource by placing it at the bottom of the hourly economic stacking of generating resources and purchased power, similar to other non-dispatchable generation facilities that are first in line to serve designated native loads. She testified the energy costs incurred under the Solar PPA will be included in developing the fuel cost factor to be applied to retail sales and will be reconciled in future periods to actual retail sales as part of the standard FAC reconciliation. The Solar PPA costs will be allocated between retail and native wholesale jurisdictional sales using the same methodology used for the other costs included in the FAC and Rider 70 filings.

Ms. Sieferman testified the net proceeds from the sales of RECs obtained through the Solar PPA will be used to reduce the fuel cost, including the cost of the Solar PPA, to be included in the FAC calculation. The net proceeds from the sales will be shown on a separate line (along with any proceeds from the sale of RECs associated with wind or other solar PPAs) in Petitioner's quarterly FAC filings as a credit reducing the total fuel cost to be included. Ms. Sieferman testified that in the future, if Duke Energy becomes subject to a renewable portfolio standard or similar

requirement, the Solar PPA RECs could be maintained and should count toward Duke Energy's required renewable energy percentage.

Ms. Sieferman testified the value of the capacity from the Staunton Solar project will be reflected in the Rider 70 calculation as an offset to Resource Adequacy load charges (as the capacity value will be used to reduce the forecasted customer load requirement), consistent with how Duke Energy treats the capacity value associated with the four Duke Energy solar PPAs the Commission approved in Cause No. 44578. She testified that to match up the capacity costs associated with the Staunton Solar project with the associated capacity benefits, Duke Energy proposes to include the capacity portion of the Solar PPA payments in its Rider 70 filings.

Ms. Sieferman provided the annual cost to native load customers associated with the Solar PPA purchases. She testified that the Solar PPA is reasonable, necessary, and will provide customers with economical clean energy.

5. OUCC's Case-In-Chief.

A. Mr. Golden. Mr. Golden testified that Staunton Solar is a wholly-owned subsidiary of Cypress Creek Renewables ("CCR") which has demonstrated the ability and technical expertise necessary to develop, own, and operate solar facilities of this size. He testified the Staunton Solar project is expected to provide a nameplate capacity rating of 4.0 MWs of alternating current which will be interconnected to Duke Energy's 34.5 kilovolt subtransmission line; consequently, the Staunton Solar project will be considered behind-the-meter generation for MISO purposes. CCR modeled the project for expected site output and believes it will deliver 8,163 MWhs of net output annually.

According to Mr. Golden, solar distributed generation projects are typically interconnected to either a utility's distribution or transmission system. Interconnection to a subtransmission system (which does not supply bulk power to the electric grid) is a configuration the OUCC has not regularly seen. Typically, a subtransmission system supplies utility or customer distribution substations at voltages higher than distribution voltages but lower than transmission voltages. Because subtransmission lines can supply load at a higher voltage than distribution voltage over a moderate distance, they have the advantage of less line losses compared to distribution lines that can have higher line currents. Mr. Golden testified he was initially concerned that the 34.5 kilovolt subtransmission line to which the Staunton Solar project will be interconnected does not currently have a neutral wire. However, Duke Energy intends to install, at Staunton Solar's cost, a neutral wire or to implement a new protective relaying scheme on the subtransmission circuit to facilitate the project and meet circuit requirements. Mr. Golden stated these alternatives satisfactorily address his original concern regarding interconnection with Petitioner's subtransmission system.

Mr. Golden testified that the pricing terms of the Solar PPA are lower than those approved in previous Duke Energy solar cases, and the OUCC believes the pricing terms of the Solar PPA are favorable for Indiana ratepayers. He noted the Solar PPA also contains protections for Duke Energy and its ratepayers in the event Staunton Solar is unable to meet project milestones. Under the Solar PPA, Staunton Solar will only be paid for the production delivered to Duke Energy. Mr.

Golden concurred with Mr. Northrup's testimony that the Solar PPA is consistent with Duke Energy's IRP production simulation modeling.

Consistent with the OUC's recommendations in previous solar PPA cases, Mr. Golden testified that the OUC recommends Duke Energy file an initial Solar Project Report containing, at a minimum, the following information for the Staunton Solar project: (1) project name; (2) names, titles, addresses, and phone numbers of primary contact person(s); (3) specific location of facility; (4) number and configuration of solar panel arrays and total number of panels; (5) anticipated energy output per panel, per array, and total site output; (6) manufacturer, model number, and operational characteristics of panels used; (7) expected in-service (commercial operation) dates; and (8) an estimate of the engineering/construction timeline and critical facility milestones. Mr. Golden testified that the OUC also recommends Duke Energy file subsequent annual updates on the Staunton Solar facility which include: (1) any changes to the information in the initial Solar Project Report and any previous annual Solar Project Reports and (2) a monthly summary of actual solar generation output for the facility. Mr. Golden stated the OUC believes this additional performance information is important because as generation portfolios change and renewable energy technologies continue to proliferate in Indiana, it is important for the OUC and other stakeholders to understand and investigate the effectiveness and efficiency of various renewable energy generation sources.

Mr. Golden confirmed that the OUC recommends the Commission: (1) approve Duke Energy's proposed Solar PPA; (2) require Duke Energy to file an initial Solar Project Report; and (3) require Petitioner to annually file a Solar Project Report consistent with his testimony.

B. Ms. Thacker. Ms. Thacker testified that Petitioner's previously approved PPAs were based on a \$/MWH rate to be paid based on actual generation; therefore, past PPAs were recovered solely through the FAC process as a recoverable native load fuel cost. The Solar PPA is Duke Energy's first request for approval of a PPA with separate capacity and energy charges. Duke Energy requests recovery of energy costs over the 10-year term of this PPA through Rider No. 60 in Petitioner's quarterly FAC filing, as recoverable native load fuel cost, not subject to the purchased power benchmark. Any net proceeds from sales of RECs will be a credit in the FAC calculation to reduce fuel costs. Petitioner proposes to reflect the value of the capacity from the Staunton Solar project in Rider 70, Duke Energy's annual Reliability Adjustment, as an offset to Resource Adequacy load, and requests approval to recover the capacity portion of the PPA payments in Petitioner's annual Rider 70 filing. Petitioner also requests any non-fuel related MISO charges or credits be recovered through Rider 68 (Petitioner's quarterly MISO Management Cost and Revenue Adjustment).

Ms. Thacker testified that the OUC does not oppose Petitioner's requested ratemaking treatment for the capacity and/or energy costs. She stated the OUC also does not oppose Petitioner's requested recovery through the FAC and Rider 70 filings as this is consistent with the Commission's rulings on other PPAs. In addition, Ms. Thacker testified the OUC does not oppose the inclusion of non-fuel related MISO charges or credits resulting from the Solar PPA in Rider 68. However, Ms. Thacker recommends these charges or credits be identified in Rider 68 testimony and listed as a separate line item in the exhibits for that case in addition to Petitioner providing all supporting documentation to the OUC for auditing.

6. **Duke Energy's Rebuttal Testimony.** In her rebuttal testimony, Ms. Douglas addressed the OUCC's request that the Commission require Duke Energy to file an initial Solar Project Report with subsequent updates annually. She testified that Duke Energy agrees to provide the initial Solar Project Report containing the information Mr. Golden recommended and annual status updates, as requested by the OUCC, subject to appropriate protections. Ms. Douglas stated that Duke Energy will file its initial report within one month of a final order being approved in this proceeding. Duke Energy also agrees to subsequently make an annual filing detailing any changes to the initial report and including a monthly summary of actual output.

Ms. Douglas also addressed Ms. Thacker's recommendation that non-fuel related MISO charges or credits related to the Solar PPA that are included in Petitioner's Rider 68 filing be identified in testimony and listed as a separate line item in the exhibits filed in that case, with all supporting documentation provided to the OUCC for auditing. Ms. Douglas explained that Rider 68 tracks certain non-fuel related MISO charges and credits above or below amounts included in base rates and is filed quarterly in Cause No 42736 RTO XXX. Since the Staunton Solar facility will be treated as behind-the-meter generation for MISO purposes, this solar facility will not be tracked, for MISO purposes, as a generating resource for which separate settlement charges and credits will be received. Instead, Petitioner's load will be less than what it otherwise would have been absent the available Staunton Solar facility capacity and energy output. Ms. Douglas testified this lower load amount will be used by MISO to determine Duke Energy's non-fuel related MISO charges included in its Rider 68 filings. She testified this is the same behind-the-meter treatment used for Duke Energy's four 5 MW solar power purchase agreements approved in Cause No. 44578. Ms. Douglas testified that because of this behind-the-meter treatment, the statements Petitioner receives from MISO to support amounts included in Petitioner's Rider 68 filings will not contain the detail necessary to comply with Ms. Thacker's recommendation; however, if the Staunton Solar facility's behind-the-meter status changes and separately identifiable non-fuel MISO charge and credit amounts become available, Ms. Douglas testified that Duke Energy will meet with the OUCC and work cooperatively to ensure the changes are understood and will make appropriate detail available for the OUCC to audit.

Ms. Douglas stated that Petitioner also commits to discuss the change in the Staunton Solar facility's behind-the-meter status, if this occurs, in Duke Energy's testimony for its Rider 68 filing. She also testified that based on discussions with the OUCC subsequent to the filing of the OUCC's case-in-chief, she understands the OUCC has no concerns with this approach.

7. **Commission Discussion and Findings.** The evidence in this Cause demonstrates the Solar PPA will produce benefits for Duke Energy and its customers. As discussed below, based on the evidence, the Commission finds the relief Petitioner requests is in the public interest and should be granted.

A. **Reasonableness of the Solar PPA Terms.** The testimony of Mr. Northrup, as concurred by Mr. Golden on the OUCC's behalf, establishes that the Solar PPA was developed using an economic evaluation process to determine a payment rate that is fair and equitable for both Duke Energy customers and Staunton Solar over the 10-year term of the fixed rate contract. Under the Solar PPA, Duke Energy's customers will only pay for solar energy when it is actually

received by Duke Energy. Duke Energy will own all of the RECs associated with the Staunton Solar project, which Petitioner proposes to monetize to the benefit of its native load customers. Duke Energy's exclusive right to purchase the net output of the Staunton Solar facility includes energy rights, capacity rights, and ancillary services the facility produces. Mr. Golden agreed that Duke Energy customers, under the Solar PPA, are insulated from any risks and costs associated with negative RTLMPs. Staunton Solar has responsibility for construction, operation, and maintenance of the facility and is financially responsible for the cost of interconnection to Duke Energy's system. The evidence also shows the Staunton Solar project represents a reasonable addition to and diversification of Duke Energy's resource portfolio consistent with Petitioner's IRP. In addition, the price construct of the Solar PPA will provide an energy resource independent of fuel price volatility or increased emissions costs.

Mr. Golden testified that his review on behalf of the OUCC identified no concerns with the Solar PPA. Based on the evidence, the Commission finds the pricing and terms of the Solar PPA are reasonable and necessary and in the public interest. The Commission further finds that approval of the Solar PPA is consistent with the policy of the State of Indiana, codified at Ind. Code § 8-1-2.4-1, encouraging the development of alternate energy production facilities.

B. Solar PPA Cost Recovery. A review of Ind. Code ch. 8-1-8.8 demonstrates, and the Commission finds, that the Solar PPA satisfies the statutory definition of "clean energy projects" under Ind. Code § 8-1-8.8-2 in that the project will develop alternative energy sources, including renewable energy.

The Commission finds Duke Energy's proposed recovery of the energy costs associated with the Solar PPA in Petitioner's quarterly FAC filing is reasonable and administratively efficient. It is also similar to treatment the Commission previously approved for recovery of other solar and wind power PPA costs. Duke Energy shall, therefore, be authorized to recover the retail jurisdictional portion of the energy charges for the Solar PPA over the full 10-year term of the Solar PPA through Duke Energy's quarterly FAC proceedings. Additionally, Duke Energy is authorized to reflect the capacity charges in Duke Energy's annual Rider 70 filings, consistent with the evidence Petitioner and the OUCC presented. The Commission further finds that if the Staunton Solar facility's behind-the-meter status changes and separately identifiable non-fuel MISO charge and credit amounts become available, Petitioner shall provide this information in its Rider 68 filings.

C. Reporting Requirements. The OUCC recommended that Duke Energy provide an initial Solar Project Report containing, at a minimum, the information identified above in Finding No. 5(A), and subsequently file annual updates detailing any changes to the previously filed information and include in the Solar Project Report and updates a monthly summary of actual solar generation output for the Staunton Solar facility. Duke Energy agreed to these reporting requirements in its rebuttal testimony. Based on this evidence, the Commission finds Duke Energy shall file, under this Cause, an initial Solar Project Report within one month of this Order containing: (1) the project name; (2) names, titles, addresses, and phone numbers of primary contact persons; (3) the specific location of the facility; (4) number and configuration of solar panel arrays and total number of panels; (5) anticipated energy output per panel, per array, and total site output; (6) manufacturer, model number, and operational characteristics of panels used;

(7) expected in-service (commercial operation) dates; and (8) an estimate of the engineering/construction timeline and critical milestones for the Staunton Solar facility. The Commission further finds that Duke Energy shall annually file updates to the Solar Project Report which, at a minimum, include any changes to the previously filed information and a monthly summary of actual solar generation output for the Staunton Solar facility. In addition, the Commission finds that limiting this reporting requirement to five annual updates, under this Cause, should provide the desired understanding of the effectiveness and efficiency of this renewable resource; therefore, the requirement to annually update the previously filed Staunton Solar facility information will terminate upon Petitioner filing the fifth annual update under this Cause.

D. Treatment of RECs. As explained in Ms. Sieferman's testimony, under the Solar PPA, Duke Energy is entitled to the value of all RECs produced by the net output. Duke Energy plans to sell these RECs on the open market. The net proceeds from the sale of RECs obtained through the Solar PPA will be used to reduce the fuel cost, including the cost of the Solar PPA, to be included in the FAC calculation. In the future, if Duke Energy becomes subject to a renewable portfolio standard or similar requirement, the RECs can be maintained and may be used to meet Petitioner's required renewable energy percentage. Based on the evidence, the Commission finds Duke Energy's proposed treatment of these solar RECs is reasonable. Accordingly, the inclusion of the net retail jurisdictional portion of any proceeds from future sales or transfers of these RECs should be determined and credited back to Duke Energy's customers in Petitioner's future FAC proceedings.

8. Confidential Information. On June 6, 2017, Duke Energy filed a motion for protection of confidential and proprietary information seeking a determination that designated Confidential Information in this Cause be exempt from public disclosure under Ind. Code § 8-1-2-29 and Ind. Code ch. 5-14-3. The request was supported by the affidavits of James S. Northrup and Suzanne E. Sieferman demonstrating a need for confidential treatment for pricing information and other proprietary terms concerning the Solar PPA and proprietary information from Duke Energy's 2015 IRP. Also on June 6, 2017, Duke Energy filed a motion for administrative notice requesting certain documents the Commission found to be confidential in its Cause No. 44698 Order continue to be afforded confidential treatment in this Cause. On June 19, 2017, the Presiding Officers preliminarily determined certain information should be subject to confidential procedures. The Commission finds such information is confidential under Ind. Code §§ 5-14-3-4 and 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall continue to be held confidential and protected from public access and disclosure by the Commission until otherwise ordered.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Duke Energy's request for approval of the Solar PPA with Staunton Solar is approved.
2. Duke Energy is authorized to recover the retail jurisdictional portion of the energy charges for the Solar PPA over the full 10-year term of the Solar PPA pursuant to Ind. Code § 8-

1-8.8-11, to be administered contemporaneously with and within Duke Energy's quarterly FAC filing or any successor mechanisms, without being subject to FAC benchmark review.

3. Duke Energy is authorized to recover capacity costs associated with the Solar PPA in Duke Energy's annual Rider 70 filing or any successor mechanisms.

4. Duke Energy shall include a credit for the net retail jurisdictional portion of the proceeds from any sales or transfers of the RECs obtained through the Solar PPA in the development of its retail fuel adjustment factor.

5. Subject to appropriate protections, Duke Energy shall file under this Cause an initial Solar Project Report within 30 days of the date of this Order and shall file annual Solar Project Report updates under this Cause for five years thereafter, as set forth in Finding No. 7(C) above.

6. The information Duke Energy filed in this Cause pursuant to its motion for confidential treatment is deemed confidential pursuant to Ind. Code §§ 5-14-3-4 and 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall be held confidential and protected from public access and disclosure by the Commission.

7. This Order shall be effective on and after the date of its approval.

ATTERHOLT, FREEMAN, HUSTON, WEBER, AND ZIEGNER CONCUR:

APPROVED: NOV 21 2017

**I hereby certify that the above is a true
and correct copy of the Order as approved.**



Mary M. Becerra
Secretary of the Commission